

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 93-264-G - ORDER NO. 93-1095 ✓

NOVEMBER 30, 1993

IN RE: Piedmont Natural Gas Company-) ORDER APPROVING
Quarterly Rate of Return) AGREEMENT

This matter is before the Public Service Commission of South Carolina (the Commission) by way of the Commission Staff's investigation of Piedmont Natural Gas Company, Inc.'s earnings for the period ended March 31, 1993. Upon the Motion of the Commission Staff, the South Carolina Consumer Advocate (the Consumer Advocate) and Piedmont Natural Gas Company, Inc. (Piedmont), the Movants jointly request the Commission to approve the Agreement (Settlement) of November 19, 1993 as set forth below.

1. Effective with service rendered on and after cycle one in December 1993, Piedmont will reduce its rates as set forth in paragraph 2 in order to produce a reduction in revenues of \$2,735,563.

2. The rate reduction will be allocated among the various rate schedules in the same manner as the rate increase approved in the Commission's Order No. 91-1003, Docket No. 91-141-G, dated November 27, 1991. This reduction will be applied to the rate classes as follows:

Rate Schedule	Rate Reduction per dekatherm
Rate 201	(\$0.2490)
Rate 202	(\$0.1208)
Rate 203 & 213	(\$0.1208)
Rate 204 & 214	(\$0.0477)

3. a. Effective with service rendered on and after cycle one in December 1993, Piedmont will implement the Weather Normalization Adjustment tracker (WNA) for customers served from Rate Schedules 201 and 202. Variances due to the implementation of the WNA will be accounted for in a deferred account separate from Deferred Account No. 253.04.

b. During this first year of the WNA, the WNA will be in effect for the period from December 1, 1993 through March 31, 1994 and thereafter the effective period will run from November 1 to March 31 annually.

c. Piedmont will file with the Commission for approval within sixty days of the close of its winter season, a proposed disposition or collection plan for the balance attributable to the implementation of the WNA.

d. Prior to November 1, 1994, Piedmont will use reasonable means to notify and educate its customers concerning the application of the WNA.

e. Piedmont and the Staff agree to work together prior to implementation of the WNA during the 1994-1995 winter season to resolve any details required for the future implementation of the WNA. A representative of the Consumer Advocate will be invited to participate in this endeavor.

4. Piedmont shall adopt the accounting principles set forth

in the SFAS 106 effective November 1, 1993. The Commission will recognize, as a component of Piedmont's rates, allowances for prudently incurred costs of Post Retirement Benefits other than Pensions (PBOP) when determined on an accrual basis (and supported by independent actuarial studies) that are consistent with the accounting principles set forth in SFAS 106 (including amortization of Piedmont's transition obligation and any amount deferred under paragraph 4b below), provided the following conditions are met:

a. Amounts included in Piedmont's rates for prudently incurred costs of PBOP will be deposited in one or more irrevocable external trust funds. Disbursements from such trusts shall be limited to: (1) payments of PBOP pursuant to the applicable postretirement benefit plan or policy or; (2) payments for appropriate expenses of the trusts, including, but not limited to, expenses for the formation and administration of the trusts. If amounts contributed to the trusts by Piedmont are not required because Piedmont's obligation and expenses have been fully extinguished, the reversion of the trusts' assets to Piedmont, after the payment of any and all appropriate taxes, penalties and costs, shall be refunded to Piedmont's ratepayers pursuant to a Commission-approved refund plan consistent with applicable law. The investment advisers to the trusts shall be independent of Piedmont and its affiliates.

b. Piedmont's SFAS 106 obligation (relating to prior service costs) shall be amortized over a twenty (20) year period beginning with the date of the adoption by Piedmont of SFAS 106.

c. Pending its next rate case, which must be filed

within five years of the date of adoption of SFAS 106, Piedmont may defer the difference between the PBOP costs included in its rates on a pay-as-you-go basis and the SFAS 106 costs. Any amounts deferred under this paragraph will be amortized and recovered over a period ending not later than 20 years after the date of the adoption by Piedmont of SFAS 106. If during the five-year period after the adoption of SFAS 106, Piedmont has not filed a rate case and the Commission deems that the costs contained in such deferred account have become excessive, the Commission may order recovery as appropriate.

5. For the purpose of the WNA tracker and for the true-up of Piedmont's supplier demand costs, demand costs will be allocated to the various rate schedules as follows¹:

Rate Schedule	Demand Allocation per decatherm
Rate 201	\$0.9968
Rate 202	\$0.8365
Rate 203 & 213	\$0.5744
Rate 204 & 214	\$0.3908

6. Nothing in this Agreement shall limit the right of Piedmont to file future rate cases or the right of the Commission Staff to recommend to the Commission that the Commission investigate the Company's earnings level.

The Commission has carefully considered the terms and provisions of this Agreement and finds and concludes that they represent a fair resolution of the issues addressed therein; therefore, the Agreement is approved without modification.

1. See South Carolina Commission Order No. 91-1003, Docket No. 91-141-G, dated November 27, 1991, page 11.

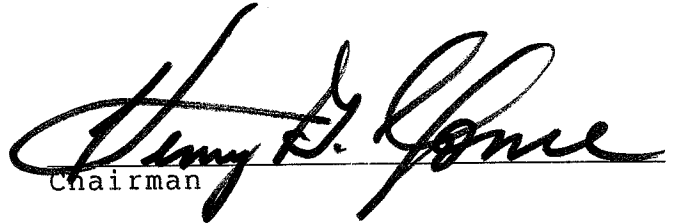
IT IS THEREFORE ORDERED:

1. That the Agreement of November 19, 1993, outlined above, between the Commission Staff, the Consumer Advocate and Piedmont is approved.

2. That Piedmont file rate schedules and its WNA Rider within ten (10) days of the receipt of this Order reflecting the terms of this agreement.

3. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)